Modified Enlarged 24pt

OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Wednesday 11 January 2023 – Morning

Level 1/2 Cambridge National in Enterprise and Marketing

R064/01 Enterprise and marketing concepts

Time allowed: 1 hour 30 minutes plus your additional time allowance

YOU CAN USE:
a calculator

Please write clearly in black ink.

Centre number | | | | | |

Candidate number | | | | |

First name(s) _____

Last name _____

READ INSTRUCTIONS OVERLEAF

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INSTRUCTIONS

Use black ink.

Write your answer to each question in the space provided. You can use extra paper if you need to, but you must clearly show your candidate number, the centre number and the question number.

Answer ALL the questions.

INFORMATION

The total mark for this paper is 80.

The marks for each question are shown in brackets [ ].

ADVICE

Read each question carefully before you start your answer.

SECTION A

Answer ALL the questions.

Put a tick (✓) in the box next to the ONE correct answer for each question.

1 Riley delivers the induction training for a small enterprise. This is an activity of the

(a) Finance function ☐

(b) Human Resources function ☐

(c) Marketing function ☐

(d) Operations function ☐ **[1]**

2 The appearance element of the design mix will include decisions regarding the

(a) Cost of the product ☐

(b) Look of the product ☐

(c) Price of the product ☐

(d) Use of the product ☐ [1]

3 Which of these is NOT ALWAYS a feature of a partnership? [1]

(a) Decision making is shared ☐

(b) Each partner must register with HMRC ☐

(c) Limited liability ☐

(d) Profits are shared between partners ☐

4 Sara sells 30 books in her bookshop during a typical week. The selling price is £20 per book. Her total costs are £270 per week. What are Sara's costs per book in a typical week? [1]

(a) £8.33 ☐

(b) £9.00 ☐

(c) £11.00 ☐

(d) £20.00 ☐

5 Which of these is NOT a factor to consider when pricing a new product? [1]

(a) Cost of production ☐

(b) Income levels of target customers ☐

(c) Price of competitor products ☐

(d) Quality control testing ☐

6 Production planning is part of the work of the

(a) Finance function ☐

(b) Human Resources function ☐

(c) Marketing function ☐

(d) Operations function ☐ [1]

7 When developing a product, decisions about copyright would be considered

(a) A financial issue ☐

(b) A legal issue ☐

(c) A market research issue ☐

(d) An economic issue ☐ [1]

8 Which of these is an advantage of using secondary market research? [1]

(a) Biased results ☐

(b) Information is available to all ☐

(c) Low cost ☐

(d) Will provide a competitive advantage ☐

9 Which of these is part of the marketing mix for a new soft drink? [1]

(a) Position ☐

(b) Price ☐

(c) Procedure ☐

(d) Profit ☐

10 The sales of a luxury car are MOST likely to reduce during which stage of the business cycle? [1]

(a) Boom ☐

(b) Growth ☐

(c) Maturity ☐

(d) Recession ☐

11 Segmenting a market according to where a customer lives is an example of which type of market segmentation? [1]

(a) Age ☐

(b) Geographic ☐

(c) Income ☐

(d) Lifestyle ☐

12 **Nina wants to calculate the average revenue that her business generates each week. She has collected the following figures for the month of February, which has four weeks.**

Total fixed costs	**£5000**
Total variable costs	**£3500**
Selling price	**£17.95**
Number of products sold	**552**

The average revenue each week during the month of February is:

(a) £352.10 ☐

(b) £1408.40 ☐

(c) £2477.10 ☐

(d) £9908.40 ☐ **[1]**

13 A new car has a clear unique selling point (USP). This is an example of

(a) Market research ☐

(b) Market segmentation ☐

(c) Product development ☐

(d) Product differentiation ☐ [1]

14 Company logistics are organised within the

(a) Finance function ☐

(b) Human Resources function ☐

(c) Marketing function ☐

(d) Operations function ☐ [1]

15 The use of government statistics is an example of

(a) Market segmentation ☐

(b) Primary market research ☐

(c) Product differentiation ☐

(d) Secondary market research ☐ [1]

16 A mobile phone is being sold with new features. This is an example of

(a) A legal issue ☐

(b) A product life cycle ☐

(c) A technological development ☐

(d) An economic issue ☐ [1]

SECTION B

Answer ALL questions.

You see an advertisement inviting people to apply to set up a Vegan Delights franchise, a nationwide chain of restaurants specialising in vegan food. You have always wanted to run your own restaurant. You decide to find out more about becoming a Vegan Delights franchisee.

Before deciding whether to apply to become a Vegan Delights franchisee, you carry out some local market research using an online survey.

17 (a) State ONE purpose of carrying out market research.

_____

_____ **[1]**

(b) State and explain TWO advantages of using an online survey to carry out your market research.

Advantage 1 _____

_____

Explanation _____

_____

Advantage 2 _____

_____

Explanation _____

_____

[4]

(c) Identify TWO other primary market research methods that you could have used.

1 _____

2 _____

[2]

18 Vegan Delights offers two set meal options: one for children and one for adults. You have calculated the costs for each meal option. The price for each meal is set by the franchisor.

	Children	Adults
Fixed costs per week	£1000	£1500
Variable cost per customer	£5	£8
Price	£15	£20

Break-even formula =

$$\frac{\text{Fixed costs}}{\text{Selling price per unit} - \text{Variable cost per unit}}$$

(a) Using the break-even formula, calculate the difference in the break-even point for the children's set meal and the adult's set meal.

Show your workings.

Answer _____ [5]

(b) Identify TWO examples of variable costs for this type of business.

1 _____

2 _____

[2]

(c) Your market research forecasts that 115 customers will purchase the children's set meal option during an average week.

Calculate the forecast profit or loss for the children's set meal option during an average week.

Show your workings and identify if you will make a profit or loss.

Answer £ _____ profit/loss

[4]

19 You decide to become a Vegan Delights franchisee. As part of your application, you must produce a business plan.

(a) Identify THREE items you may wish to include in your business plan.

1 _____

2 _____

3 _____

[3]

(b) **State and explain TWO possible reasons why the franchisor has asked you for a business plan.**

Reason 1 _____

_____

Explanation _____

_____

Reason 2 _____

_____

Explanation _____

_____

[4]

20 Analyse TWO advantages for you of operating your business as a franchisee. [6]

1 _____

_____

_____

_____

_____

_____

_____

_____

_____

_____

2 _____

_____

_____

21 You are invited to a meeting at Vegan Delights' head office to find out about the work of the different functional areas.

From the options below, link ONE activity for each of the three functional areas. You should only draw THREE lines. [3]

FUNCTIONAL AREA	ACTIVITY
	Finding out customer opinions
Operations	Calculating the annual profit
Human Resources	Controlling stock levels
Marketing	Ensuring health and safety in the workplace
	Monitoring cash flow

22 The prices set by the Vegan Delights' franchisor are based on a strategy of competitive pricing.

(a) State and explain ONE advantage and ONE disadvantage of using competitive pricing.

Advantage _____

_____

Explanation _____

_____

Disadvantage _____

_____

Explanation _____

_____

[4]

(b) **Identify TWO other pricing strategies which a business could use.**

1 _____

2 _____

[2]

23 Customer service is an important way to attract and retain customers.

Analyse ONE way you could use customer service to attract and retain customers.

_____

_____

_____

_____

_____

_____

_____

_____

_____ **[3]**

24 Vegan Delights charges a large franchise fee to each new franchisee. You decide to raise the capital for this by using crowdfunding.

Analyse TWO DISADVANTAGES of using crowdfunding to raise this capital. [6]

1 _____

_____

_____

_____

_____

_____

_____

_____

_____

_____

2

25 (a) State THREE stages of the product lifecycle.

1 _____

2 _____

3 _____

[3]

(b) State and explain TWO extension strategies which you could use in the future.

Strategy 1 _____

_____

Explanation _____

_____

Strategy 2 _____

_____

Explanation _____

_____

[4]

26 **Vegan Delights has accepted your franchise application. You run a sales promotion to support the launch of your new vegan restaurant. You could EITHER introduce a loyalty scheme OR offer a 5% price discount.**

Recommend whether it would be better for you to use a loyalty scheme OR a 5% discount to launch your new vegan restaurant. Justify your answer. [8]

END OF QUESTION PAPER

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